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Boston University
BMC President and CEO Elaine Ullian addressed employees today on the hospital's financial situation and how the organization and individual employees can help increase financial stability at BMC.

Speaking before a standing-room-only crowd in Keefer Auditorium, Ullian said the future of BMC is very bright and discussed how employees can ensure the hospital remains strong.

Ullian discussed how BMC's budget deficit is caused by the Balanced Budget Act, contractual obligations, inflation in the cost of fringe benefits and supplies, and wage increases. Preliminary projections in the early fall showed an operating loss of $24 million, which put BMC in a negative cash position. Since then, Ullian has been working with BMC senior management to significantly reduce projected operating losses in fiscal year 2000 (FY00). "We are doing exceptional work in the community and fulfilling our mission," she said. "We cannot and will not accept these figures. To do so could jeopardize the future of Boston Medical Center."

To ensure BMC is moving in the right direction, Ullian outlined many opportunities for cost reductions at the hospital. For example, BMC spends approximately $158 million in supplies annually. Ullian said this number needs to be reduced. "Ask yourself if you would be spending this money if it were coming out of your pocket."

Ullian also called attention to the amount the hospital spends on lab supplies, phone service, and drugs and pharmaceuticals, but pointed out that there is room for improvement in every department. "Ask yourself is there waste and are we being efficient," she said.

In addition to cutting supply expenses, BMC plans to reduce capital spending (construction, large equipment purchases) in FY00 by approximately 50 percent. The hospital is also carefully reviewing job vacancies and will only fill those considered high priorities.

Ullian said BMC is committed to keeping layoffs to a minimum. "For every million dollars of supplies we don't order, we save 17 jobs."

Cutting costs are not the only answer, Ullian said. In FY00 a major emphasis will be placed on collecting monies owed to the hospital. Clean Claims, a new BMC initiative, is focusing on ensuring accurate data entry so claims are collected from third-party payors in a timely manner.

"Remaining financially stable in this turbulent health care environment is not an easy task, but I know we can do it," Ullian said. "We need to treat this money as if it were our own – because it is ours – it's our future."